



HOIVATILAT



HOIVATILAT
Company Presentation
CMD 12.1.2018



Program of the Capital Markets Day 2018

8:30 am **breakfast**

9:00 am **market overview, and business model and growth strategy of Hoivatilat** Jussi Karjula, CEO

9:45 am **comments from the customers' point of view** Virpi Holmqvist, CEO,
Touhula Varhaiskasvatus

Break

10:30 am **nursing property market and the development of return requirements in Europe and Finland** Realia Management Oy

11:00 am **key financial figures and goals for 2018–2020** Tommi Aarnio, CFO

Discussion and conclusion

Lunch at noon, Restaurant Kappeli

Contents

1	Company overview	3
2	Market overview	12
3	Financial overview	20
4	Largest shareholders and board of directors	29

Appendices

A	Case studies	32
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Today's presenters



Jussi Karjula
CEO & Partner

- CEO since 2010
- Experience from several positions of trust, e.g. Board member of Perunakauppa Luonnosta Oy in 2005-2016, Board member of Rakennusliike Lapti Oy in 2008-2012 and Board Member of HZPC Kantaperuna AB in 2007-2010
- CEO at Pohjoisen Kantaperuna Oy¹ during 2004-2010, prior to joining Hoivatilat



Tommi Aarnio
CFO & Partner

- CFO since 2015
- Experience as authorized public accountant since 2011, employed by PwC in 2008–2015
- Master of Science in Accounting and Finance

1) Nowadays Perunamestarit Oy

Company overview

Introduction

1

Unique growth company in rapidly growing Finnish care property market

- 2014 – 2016 Real Estate portfolio growth 92 % p.a.(CAGR)
- 2014 – 2016 Revenue growth 104 % p.a. (CAGR)
- 2014 – 2016 Operating result growth 177 % p.a (CAGR)

2

Profitable and strong growth has continued

- At the end of Sep 2017, the value of real estate assets amounted to EUR 226m, which corresponds to 71% growth from Sep 2016 (EUR 132m)
- Q1-Q3/2017 net sales amounted to EUR 8.6m, which corresponds to 62% growth from Q1-Q3/2016
- Q1-Q3/2017 operating result amounted EUR 3,6m, which corresponds to 86 % growth from Q1-Q3/2016

3

Outlook for 2017

- Revenue at least EUR 12m
- Operating result approximately EUR 5m
- Value of investment properties at least EUR 240m

4

Financial targets for 2018 - 2020

- Revenue growth of at least 40 per cent in 2018 and at least 30 per cent in 2019-2020
- Operating result at 40 per cent of revenue, on average
- Equity ratio at least 35 per cent on average

5

Dividend policy

- Target is to distribute at least 50 per cent of the operating result as dividends every year

Unique growth company in rapidly growing Finnish care & day care property market



HOIVATILAT

Demographic trends are driving change: Finnish population is aging and migrating to cities

Several structural growth drivers are transforming care and children's day care service market

Strong private sector growth in care sector service provision

New care & day care properties are very much needed

Hoivatilat has a **proven operating model** to capitalise on **the growth trends** in Finnish care service market



HOIVATILAT

Hoivatilat has operating model tailored to respond to the market growth

Company description

- Hoivatilat engages in the development, management, ownership and leasing of care premises
- Key feature of Hoivatilat operating model is to develop its properties and remain a very long term partner to its customers
- Hoivatilat operates as a full service solution provider with a turnkey concept
- The company was founded in 2008 and is listed on Nasdaq Helsinki



Overview of business focus areas

Nursing homes



- Nursing homes for the elderly and groups with various special needs
- Customers include leading private care service providers and municipalities

Day care centres & schools



- Day care facilities according to individual needs
- Collaboration with municipalities and often with leading companies providing early childhood education and care services

Service Community



- Solution that enables the bundling of care services together with other services (e.g. library, gym, grocery store, coffee shop)
- Allows combination of day care, elderly care and other services into same building or block

Example customers

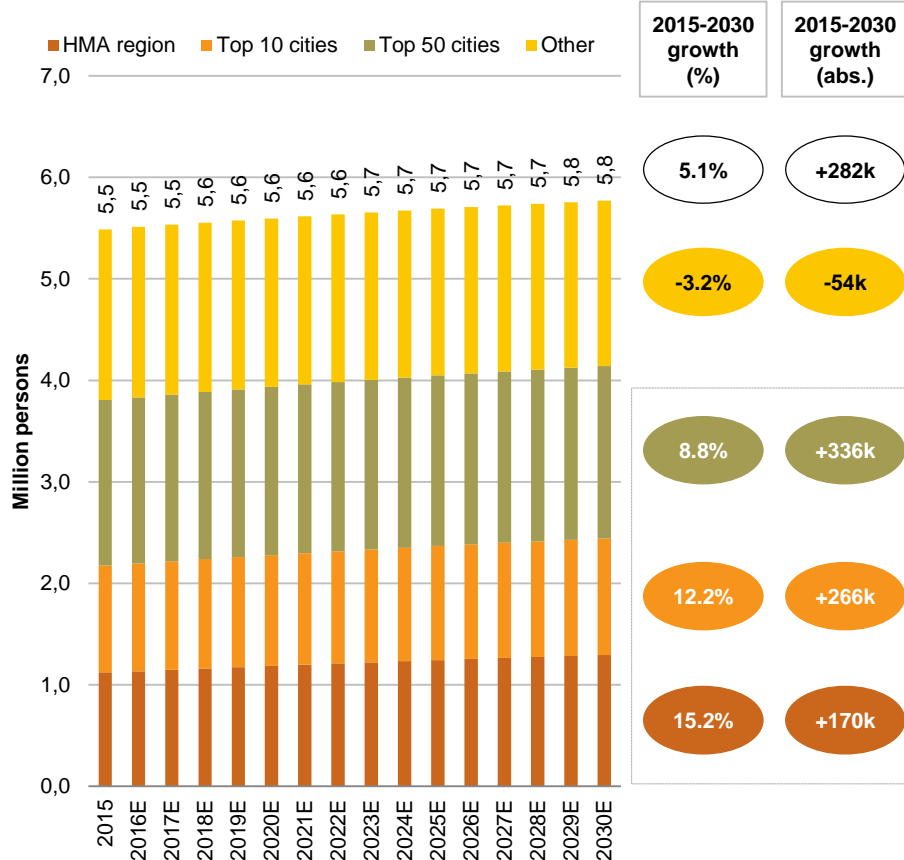


Strategic choices of Hoivatilat result in strong business model and position



Hoivatilat focuses on the largest and growing areas

Population growth outlook

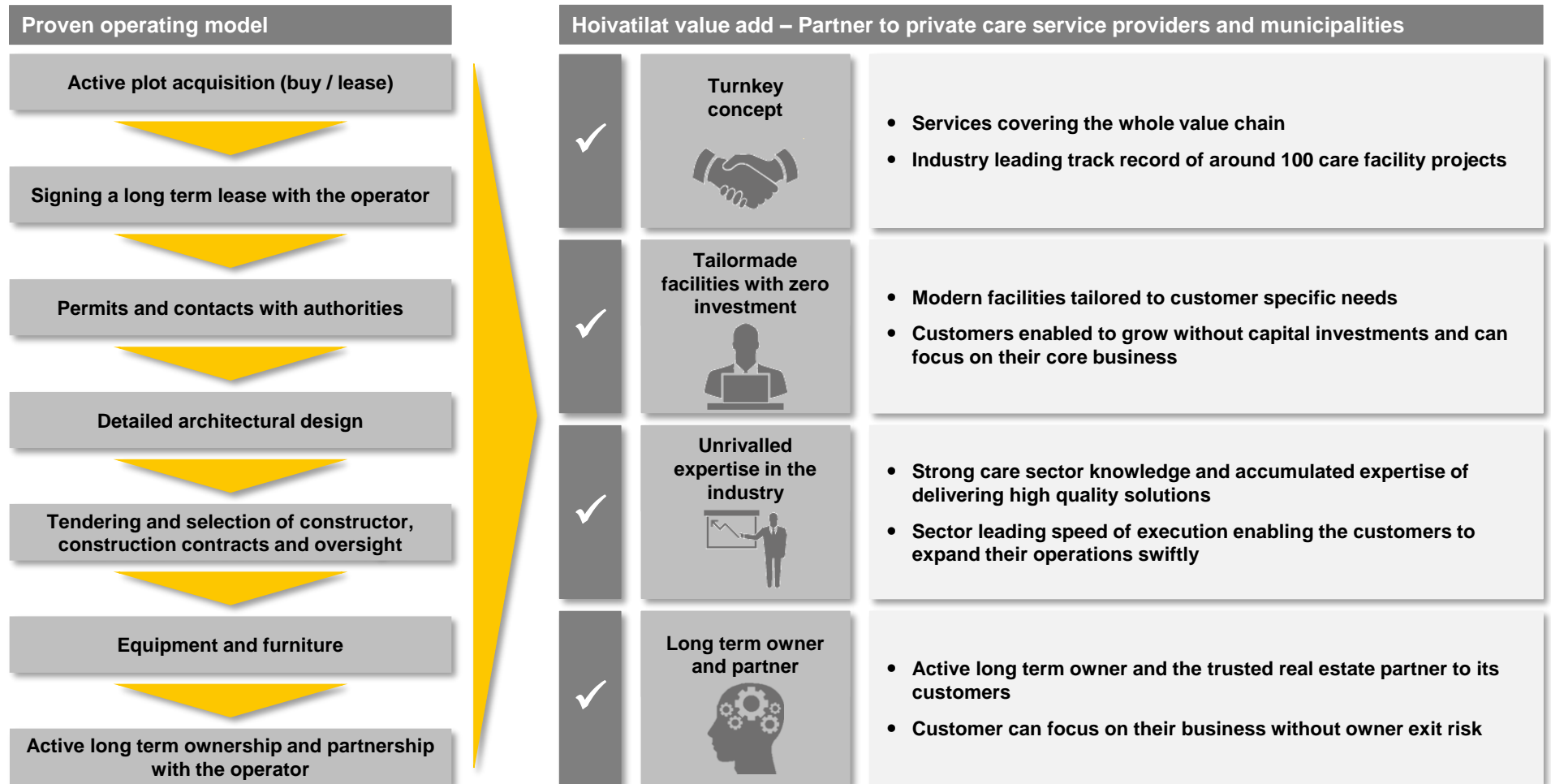


Overview of property portfolio (as of 30 June 2017)

Business focus on the growth centers and largest municipalities in Finland

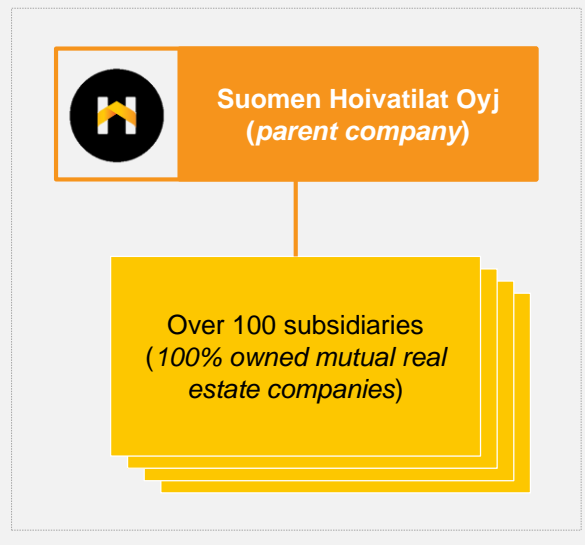


Proven operating model for care property investment and development



Drivers of operational efficiency and flexibility

Lean organisation structure



- Light and efficient organisational structure
- Hoivatilat employs 17 persons
- Execution of several real estate projects with limited own headcount is enabled by the wide partner network of Hoivatilat

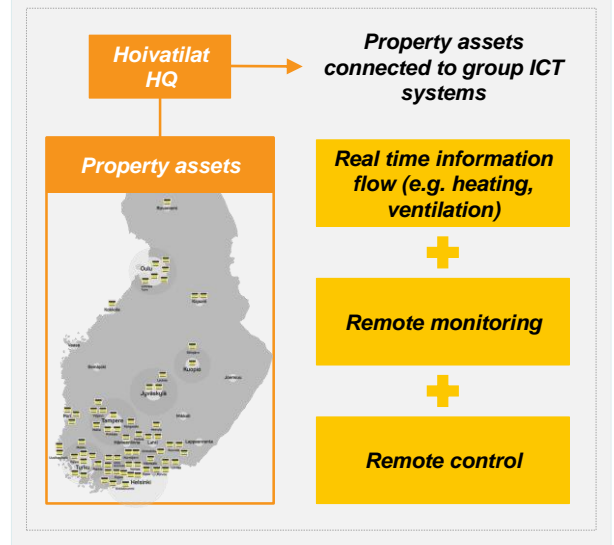
Utilisation of partner network

Responsibilities in Hoivatilat development projects

	Hoivatilat	Partners
Project coordination	✓	
Design	✓	
Planning	✓	
Supervision	✓	
Construction		✓

- Hoivatilat is fully engaged in all areas of project execution apart from construction
- Hoivatilat utilises its wide partner network in the execution of real estate projects
- The company controls construction costs through careful (in house) planning as well as tendering of construction companies

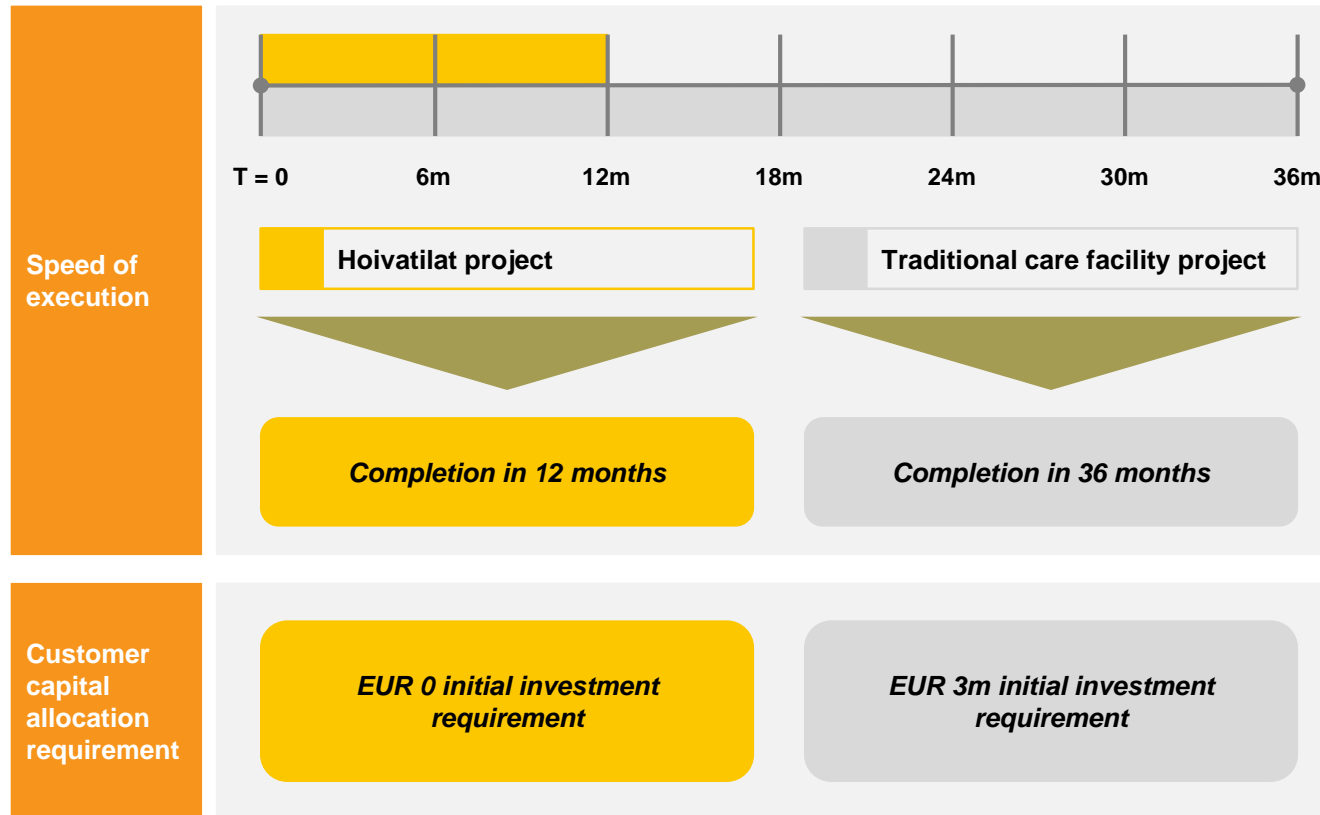
Digitalised operations



- Internet-of-Things (IoT) is a key area of Hoivatilat operations
- By the end of 2016, all Hoivatilat properties have been connected to the company's remote monitoring and control system
- As a result, less personnel resources are needed in property management activities

Exceptional project delivery capabilities

Hoivatilat project vs. traditional care facility project



Key success enablers

Very strong concept knowledge driven by the strategic focus of the company since its inception

Broad partner network enabling high level of efficiency and flexibility

Hoivatilat is a long term real estate partner enabling its customers to focus on their core business without investing in property assets

Market overview

Evident demand drivers in underlying markets

Strong market outlook in elderly care market

Strong growth expected in elderly population

Increasing share of service housing and high private sector penetration

High debt level in municipalities providing growth potential to private sector

SOTE reform likely to provide further boost to private sector growth

Structural growth trends in day care market

Day care enrolment in Finland growing but still low internationally

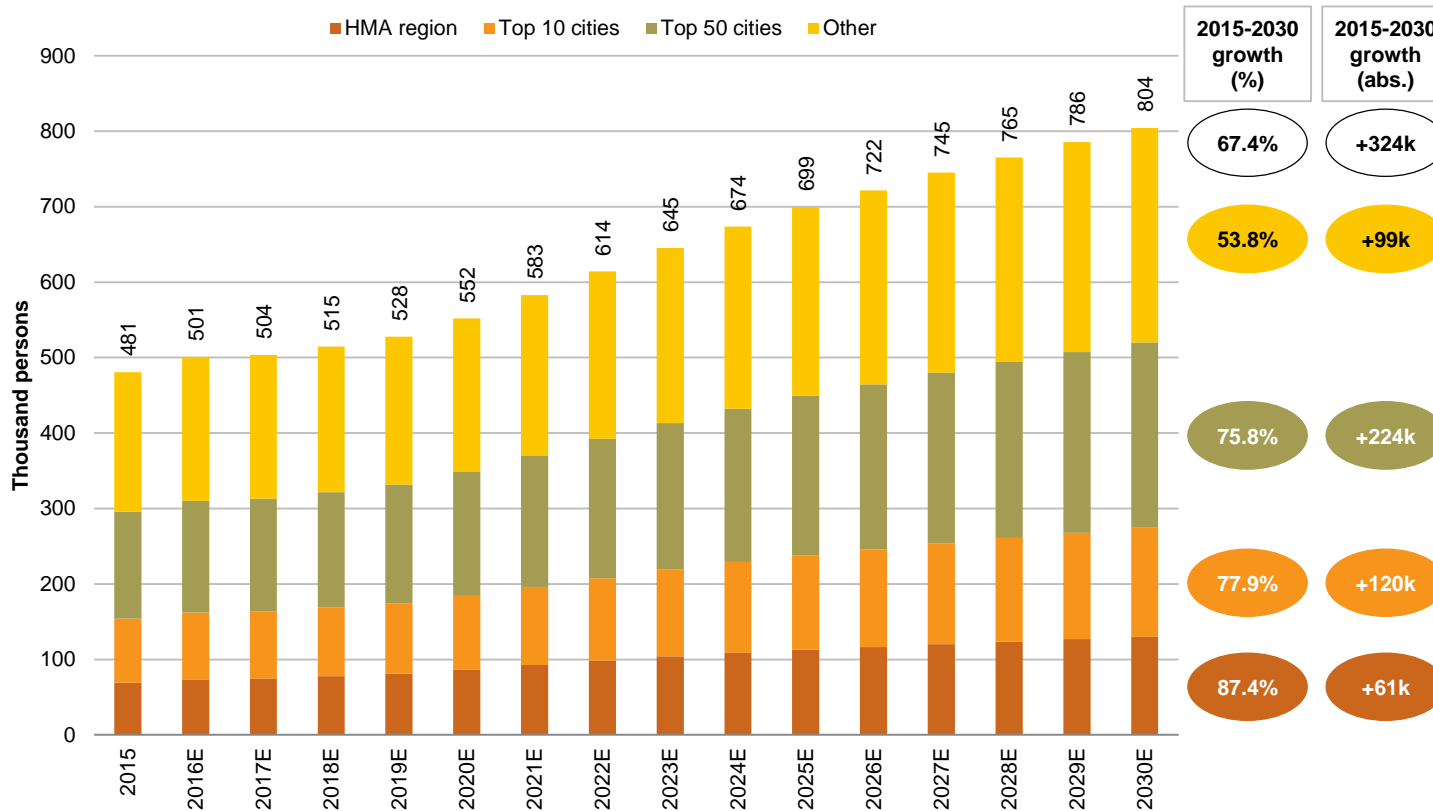
Ageing and low quality building stock to further drive the day care property market

Increasing popularity of service vouchers driving private sector penetration growth

Strong market outlook in elderly care market

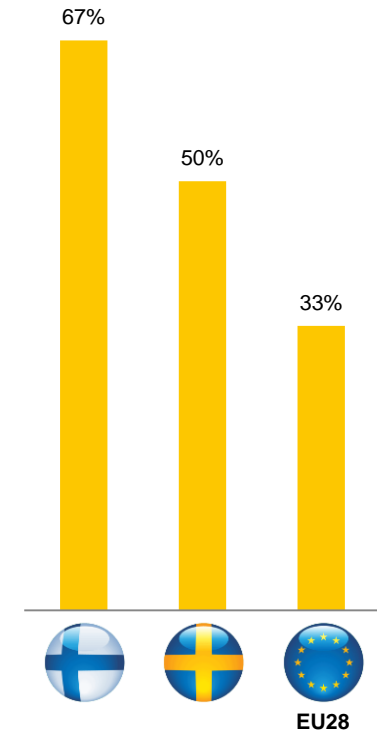
Strong growth expected in elderly population (75+ year olds)

Population growth outlook in Finland (2015-2030E)



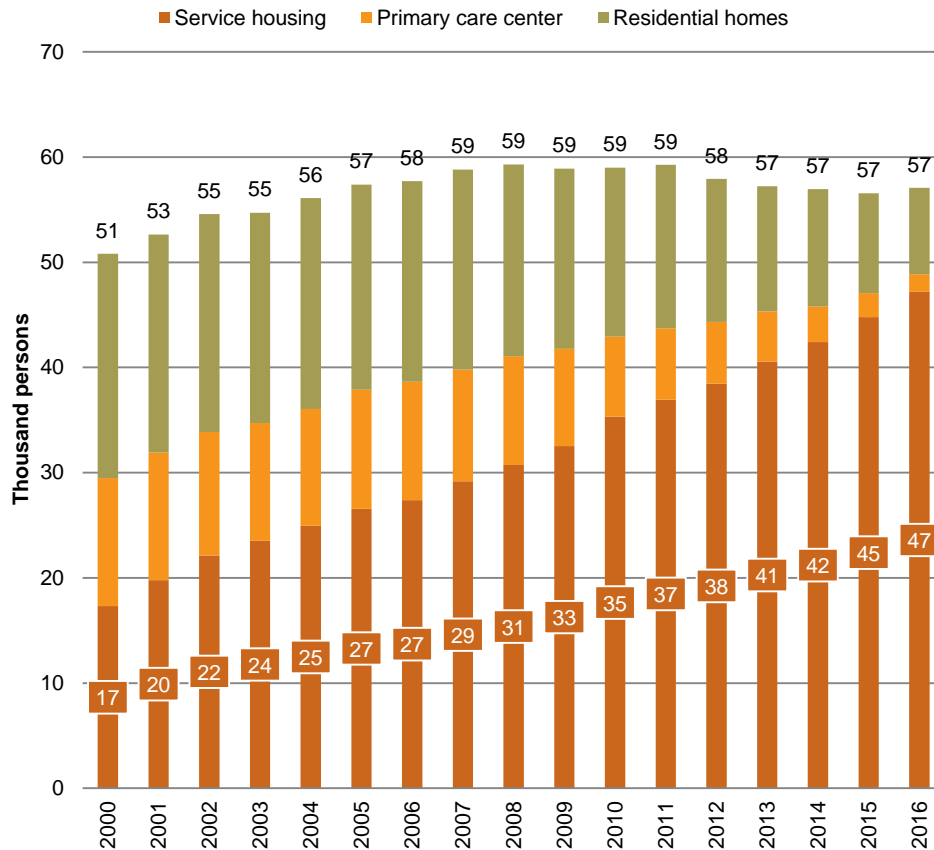
International comparison

2015-2030E growth in elderly population (75+ year olds)



Strong market outlook in elderly care market (cont'd)

Increasing share of service housing & high private sector penetration



Source: SOTKANET (National Institute for Health and Welfare)

Significant nursing home investments expected

Estimated investment needs by 2030

2000-2016 growth	2000-2016 CAGR
12%	1%

-61%	-6%
-86%	-12%
173%	6%

Hoivatilat focuses on service housing operators and predominantly on private sector companies that operate some 50% of the service housing market

20,000 – 30,000 new beds in 24-hour service housing needed

The need for nursing home beds translates nearly 1,000 new nursing homes (24-hour service housing)

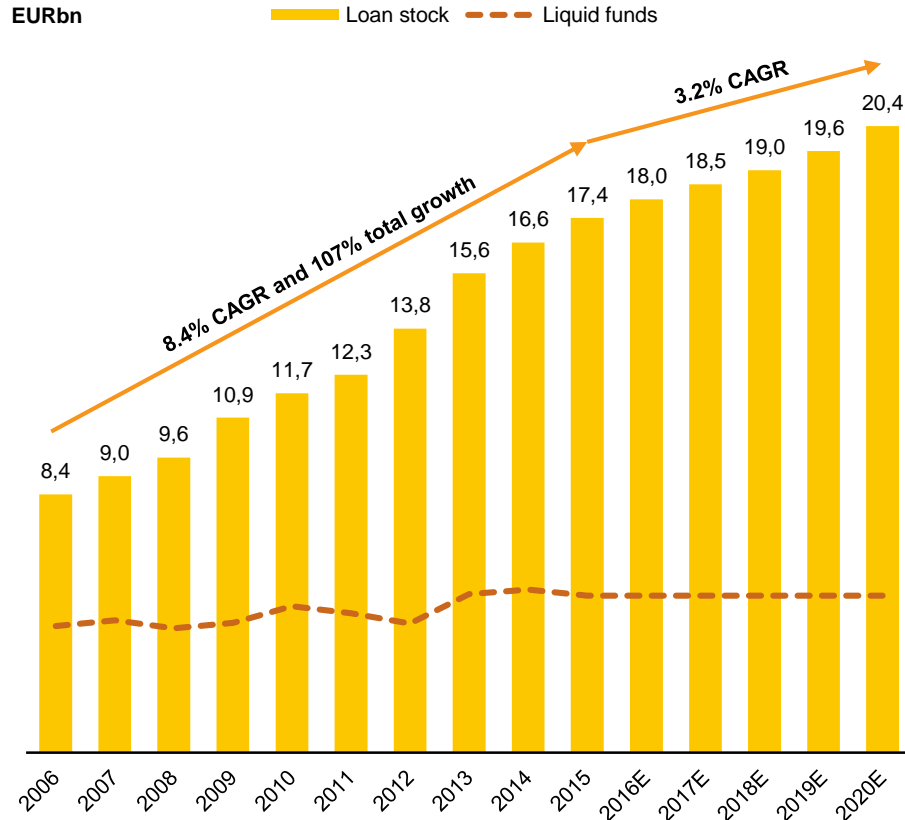
Results in EUR 2-3bn real estate investment needs

Source: Hoivatilat listing prospectus (management estimates)

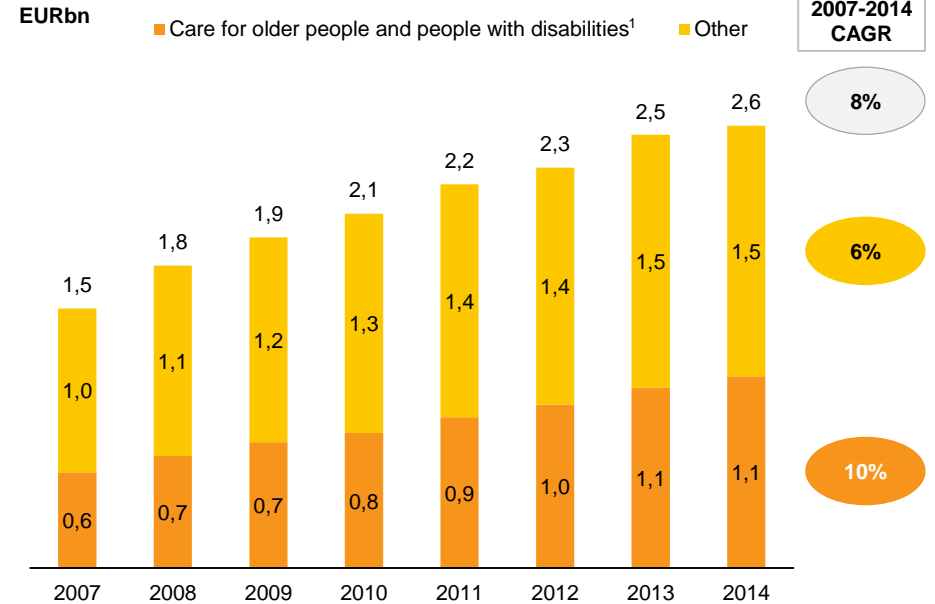
Strong market outlook in elderly care market (cont'd)

High debt level in municipalities

Loan stock and liquid funds of municipalities



Municipalities' purchases from the private sector (health and social care services)



- Municipalities have not been able to increase their own service production to respond the demand for social and health care services, which has driven the growth of private sector services²
- Moreover, municipalities have limited resources in terms of real estate property development²

Source: Statistics Finland (historical data), Ministry of Finance (forecasts), Finnish Competition and Consumer Authority, Ministry of Economic Affairs and Employment

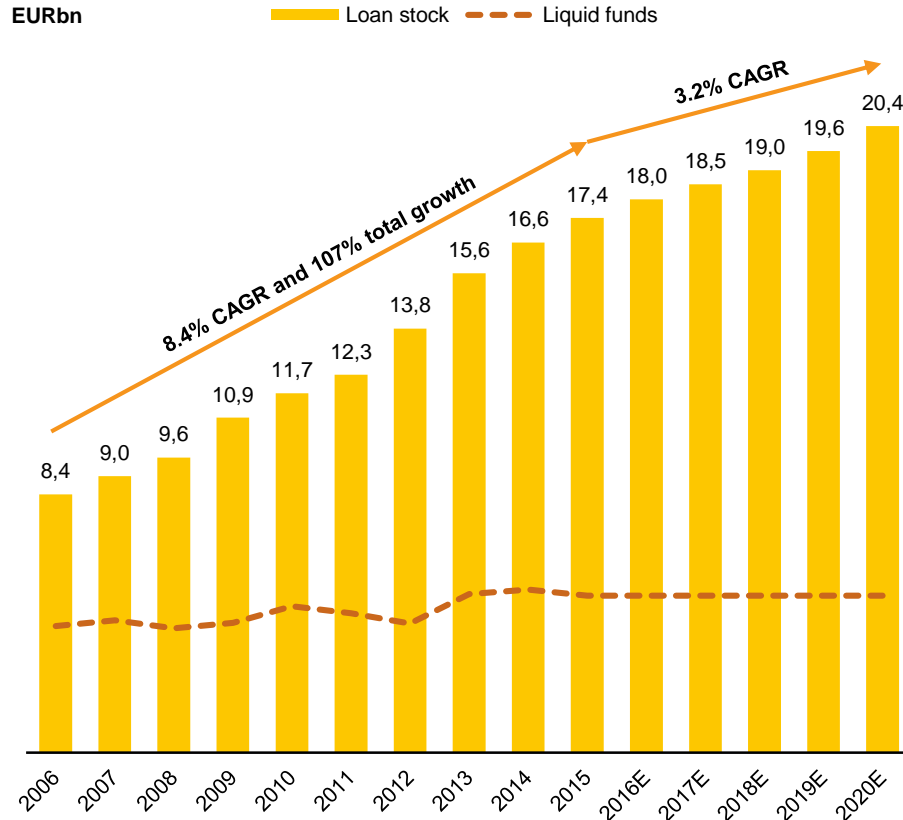
1) Excludes institutional care services and the employment services for people with disabilities

2) Commentary based on the report by the Ministry of Economic Affairs and Employment published on 11 Feb 2013 ("Vanhusten ja erityisryhmien yksityisen palveluasumisen kilpailutilanne")

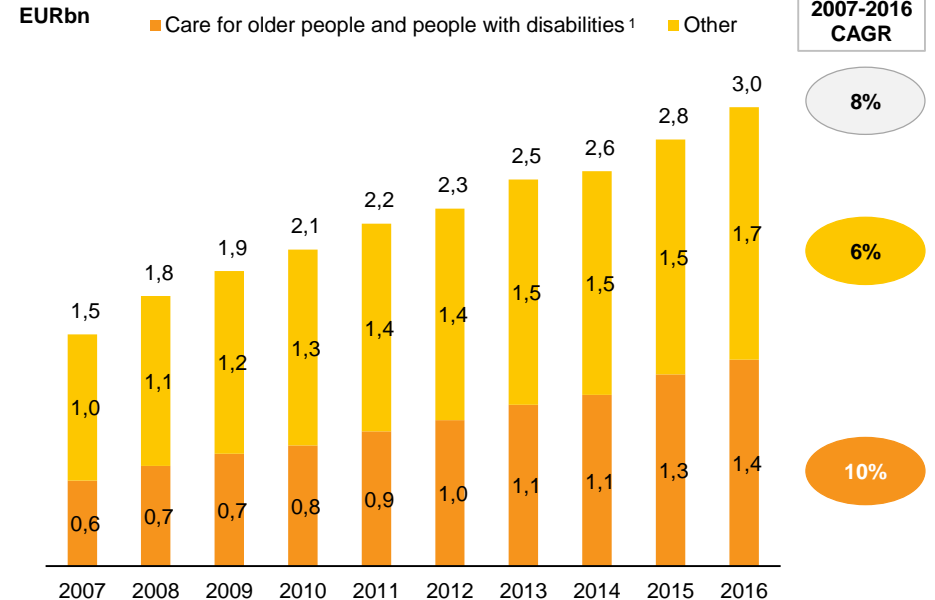
Strong market outlook in elderly care market (cont'd)

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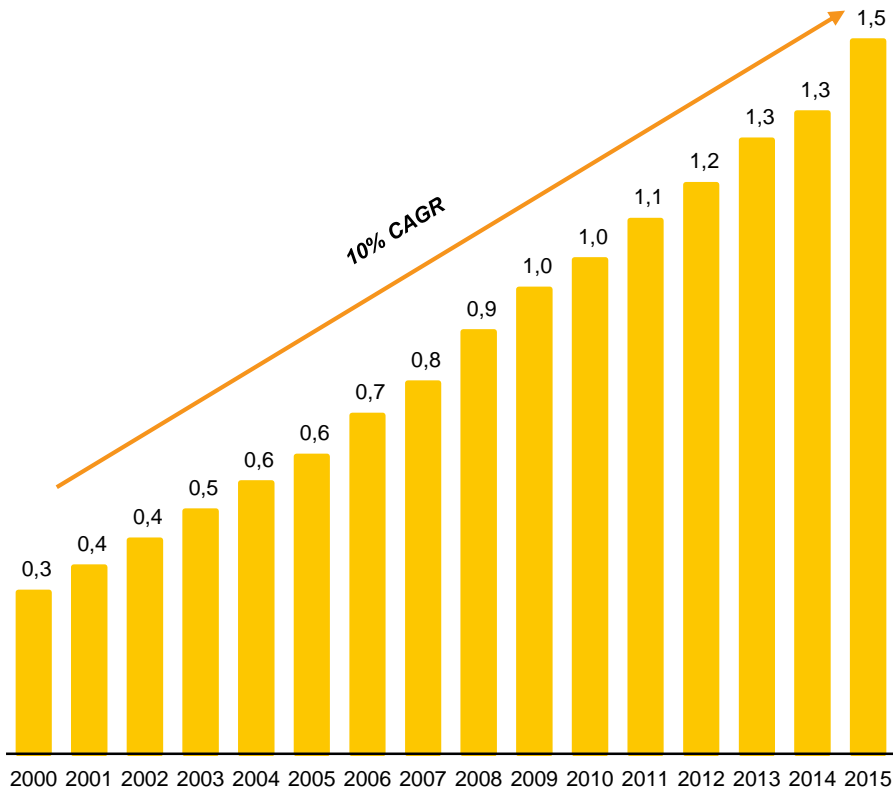
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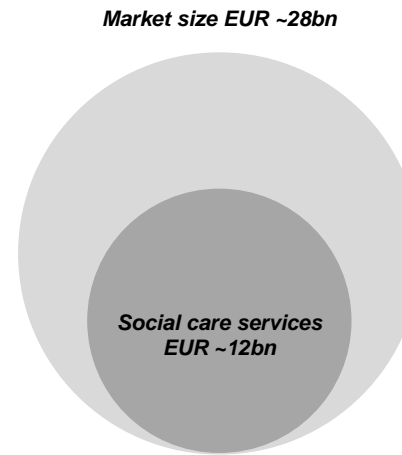
Strong market outlook in elderly care market (cont'd)

SOTE reform likely to provide further boost private sector growth

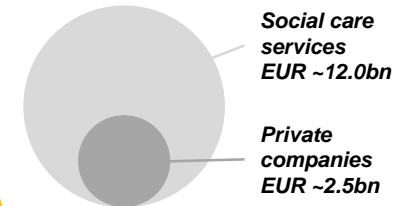
Privately provided elderly care market development during 2000-2015 (EURbn)



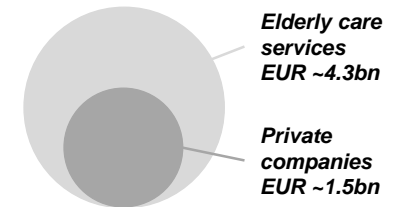
Health and social care market¹



Social care market¹



Elderly care market²



Freedom of Choice Reform in SOTE

Customers' freedom to choose the provider of publicly financed health and social services will be increased under the reform

Implication

Freedom of choice reform opens up the market of publicly provided services to the private sector operators, resulting in significant addressable market growth for private players

Source: National Institute for Health and Welfare

Source: Statistics Finland, National Institute for Health and Welfare

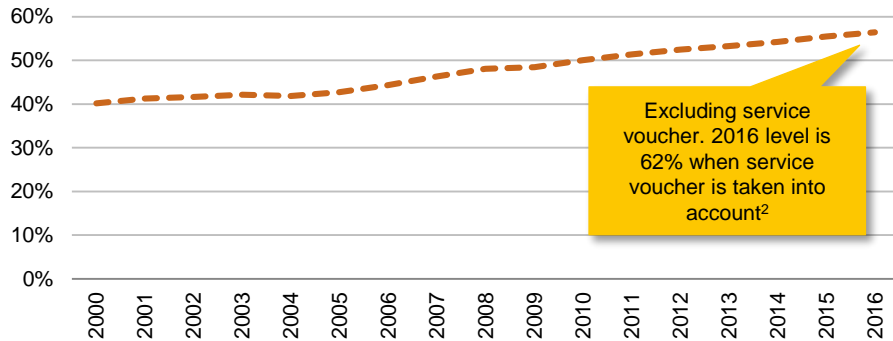
1) Data from Statistics Finland

2) Data from National Institute for Health and Welfare

Structural growth trends in children's day care market

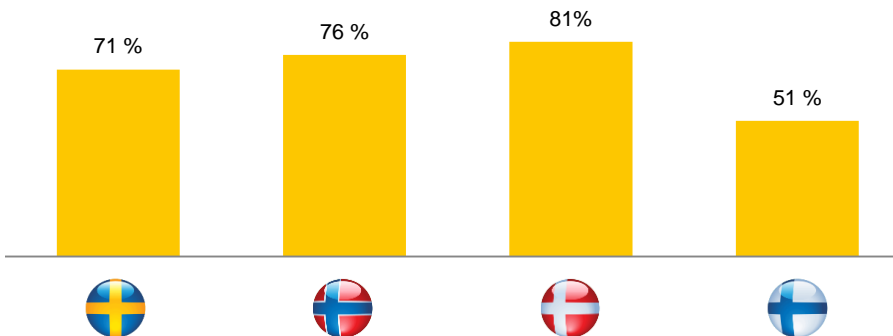
Development of day care enrolment in Finland

% of children in organised day care (1-6 year olds)¹



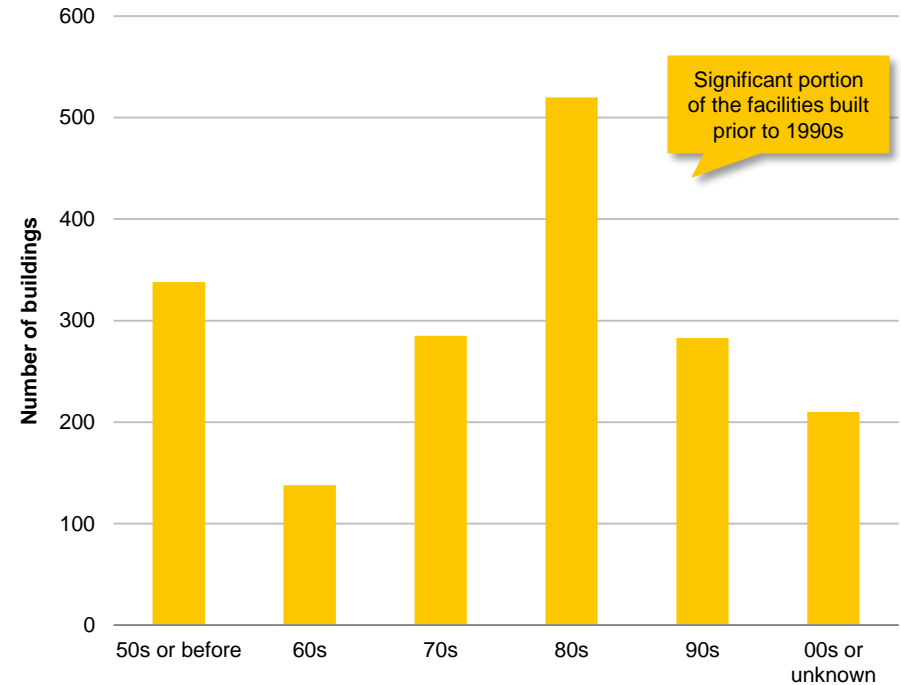
Daycare enrolment in Finland vs. other Nordic countries³

Share of 0-5 year old children in organised day care (2014)



Ageing building stock

Municipalities' day care centres by built year (2005 building stock)



It is estimated that 12-18% of day care and school facilities in Finland suffer from significant humidity and mould damages. The estimated 12-18% share corresponds to some 2.1-3.2 million sqm

Source: National Institute for Health and Welfare, OECD, Statistics Finland, Statistics Denmark, Statistics Sweden, Statistics Norway

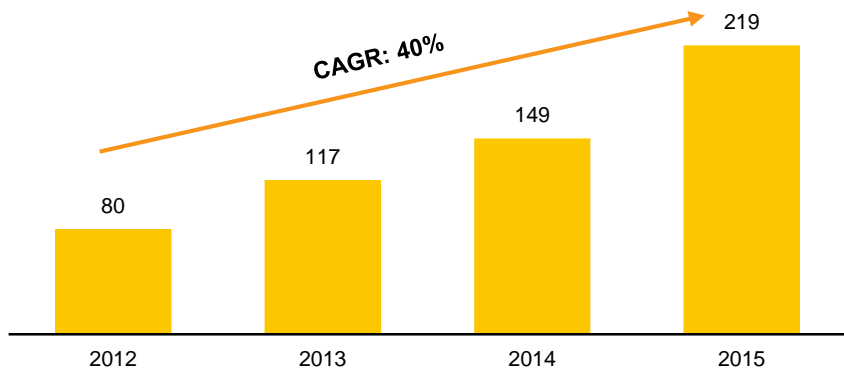
- 1) Based on National Institute for Health and Welfare data. Penetration rate calculated as follows: children in municipal day care centres plus children in private daycare divided by total number of children
- 2) National Institute for Health and Welfare has not collected service voucher penetration data before 2015. Hence, the 2016 level of 62% with service voucher penetration taken into account is not comparable to the rates of the years 2000-2014
- 3) Based on OECD data. The data presented above has been prepared by combining i.) the participation rates in formal childcare and pre-school activities by 0-to-2 year olds and ii.) enrolment rates for 3-5 year olds in pre-primary education (ISCED 2011 level 02) or primary education (ISCED 2011 level 1)

Source: The Association of Finnish Local and Regional Authorities (Kuntien rakennuskanta 2005 report), Audit Committee of the Parliament of Finland (Rakennusten kosteus- ja homeongelmat report published in October 2012)

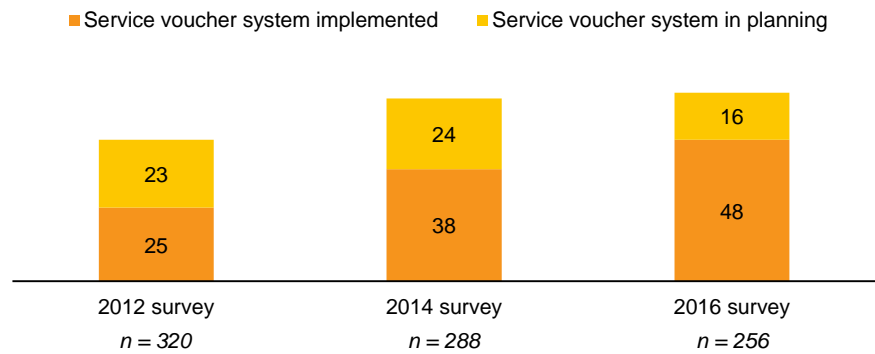
Structural growth trends in children's day care market (cont'd)

Increasing popularity of service vouchers driving private sector penetration growth

1 Municipalities' service voucher expenditures in total (EURm)

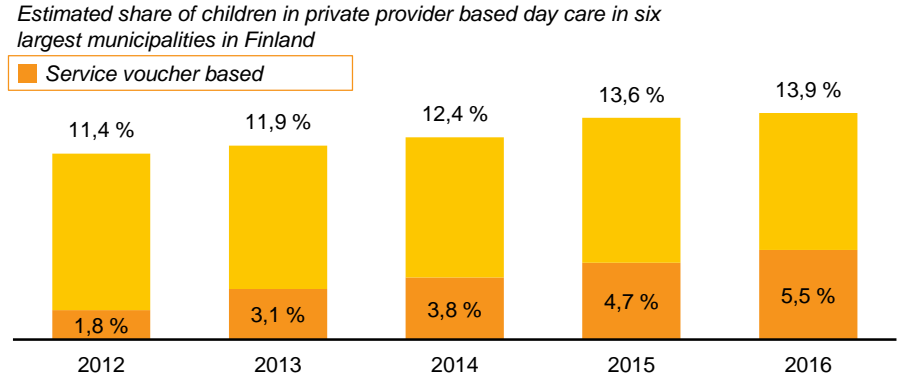


2 Number of municipalities with service voucher system in children's day care

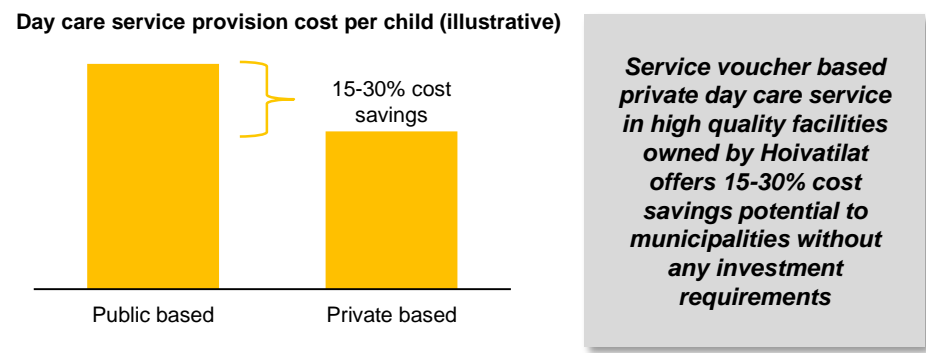


Source: The Association of Social Service Employers, Statistics Finland (Finances and activities of municipalities and joint municipal boards), The Association of Finnish Local and Regional Authorities

3 Case study: Voucher penetration growth driving private sector penetration in day care



4 Cost savings potential driving the growth of voucher based day care



Source: Kuusikko Working Group (2012-2015 reports), Company press release (on 20 Oct 2016)

Financial overview

Hoivatilat Oyj, as of 30 Sep 2017

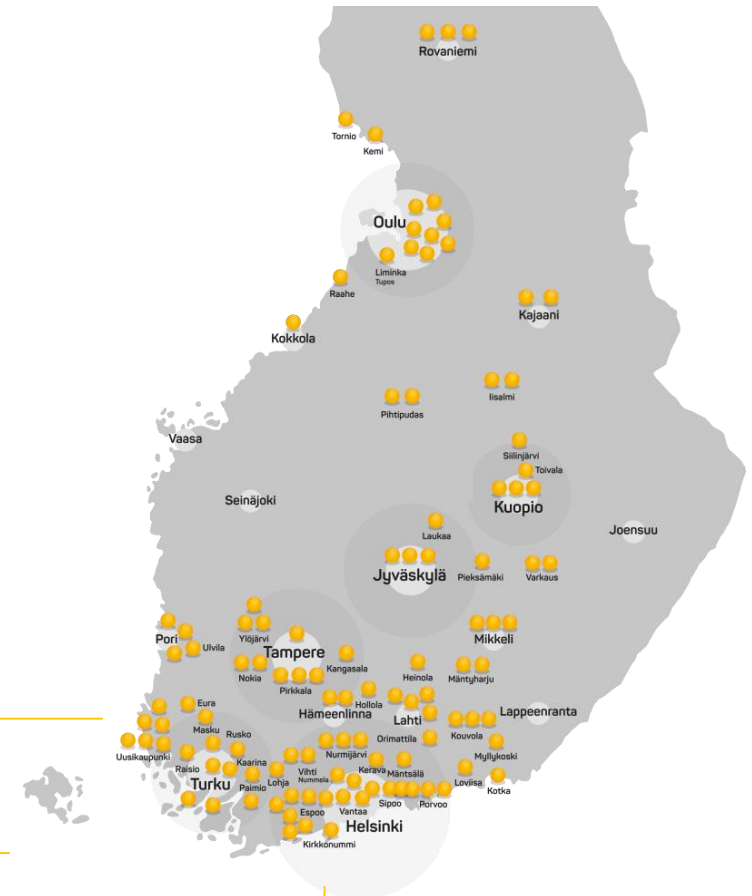


We produce turnkey solutions and lease out

- Day care facilities
- Care homes
- Service communities
- Schools

We are a solver of growth and comprehensive partner to

- Municipalities and cities
- Care sector companies



8,6 M€
(5,3 M€)

Revenue
1-9/2017 (1-9/2016)

225,5 M€
(131,7 M€)

Value of owned properties

100%
Occupancy rate

292,3 M€
(212,3 M€)

Value of the agreement
portfolio

14,3 Y
(14,3 Y)

Average maturity of the
agreement portfolio



We help customers



We create value



Speed and straightforwardness



Courage

Outlook for 2017

- Total revenue at least 12 million euros
- Operating result (“EPRA operating profit”) ~5 million euros
- Portfolio value at least 240 million euros

Financial statements bulletin will be released on Feb 13th 2018

Financial targets 2018 - 2020

Suomen Hoivatilat has set following targets for strategic period 2018-2020:

- Revenue growth of at least 40 per cent in 2018 and at least 30 per cent in 2019-2020
- Operating result at 40 per cent of revenue, on average
- Equity ratio at least 35 per cent on average

Dividend policy

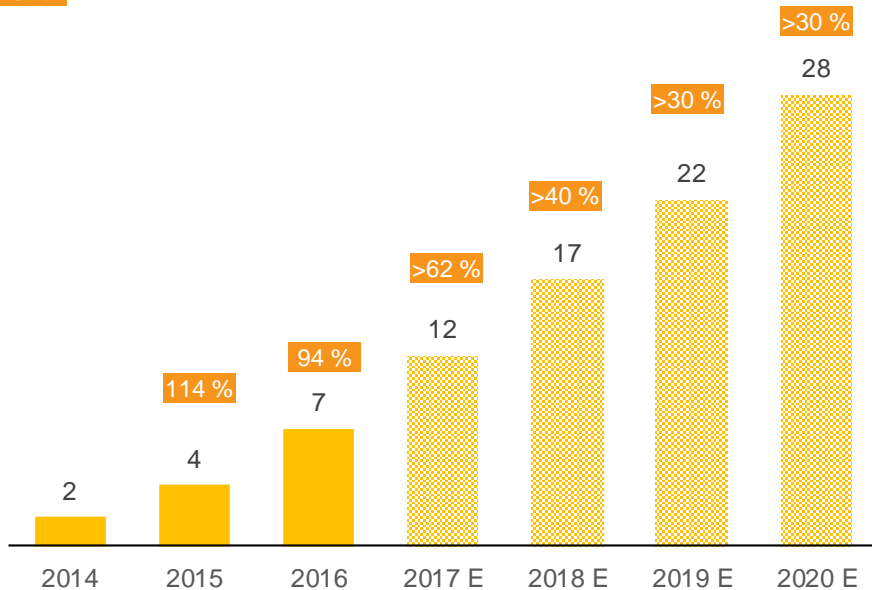
- Target is to distribute at least 50 per cent of the operating result as dividends every year

Net sales and operating result development¹

2014-2016 net sales development, 2017E – 2020E guidance / targets (EURm)

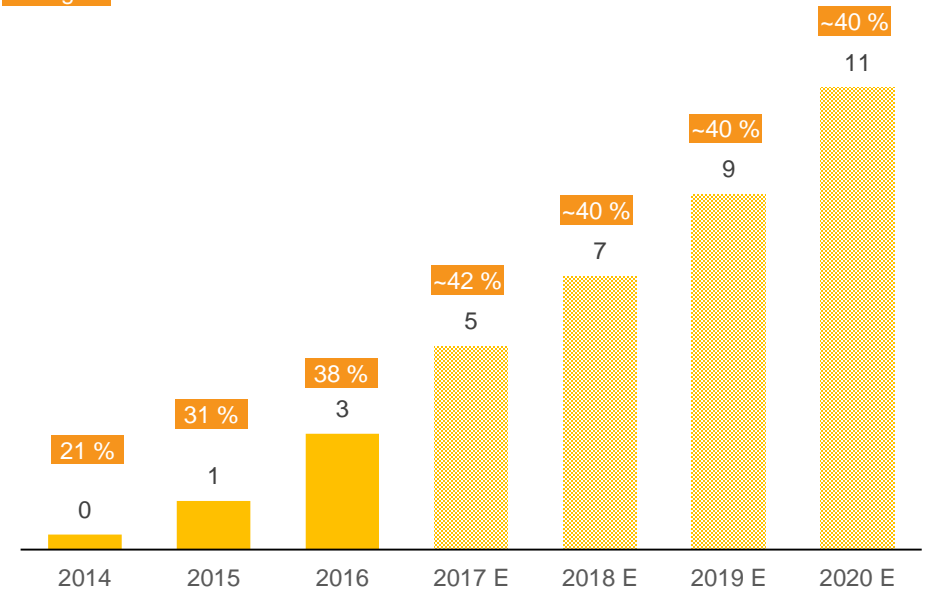
2014-2016 operating result² development and 2017E - 2020 E guidance / targets (EURm)

Growth



Financial target 1:
 “Revenue growth of at least 40 per cent in 2018 and at least 30 per cent in 2019-2020”

Margin

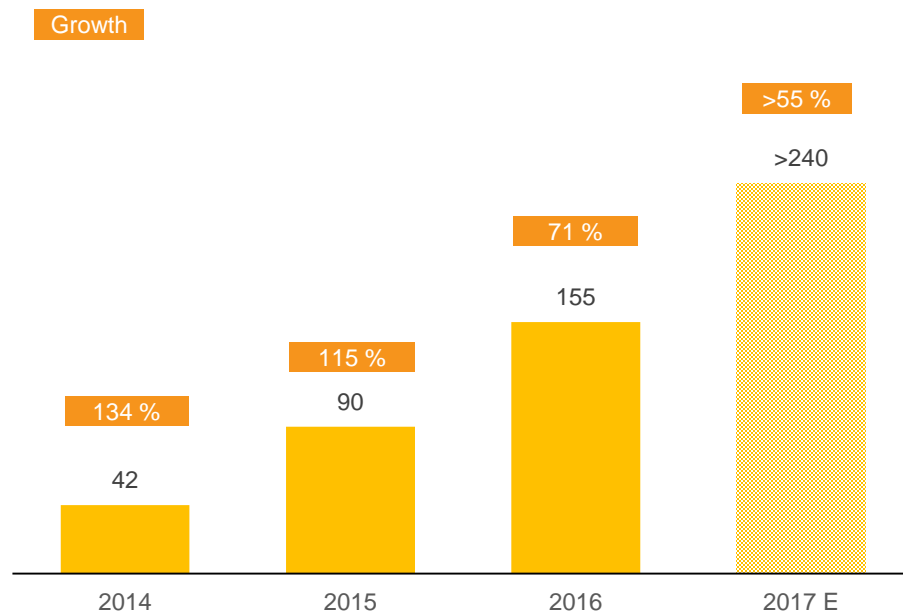


Financial target 2:
 “Operating result at 40 per cent of revenue, on average”

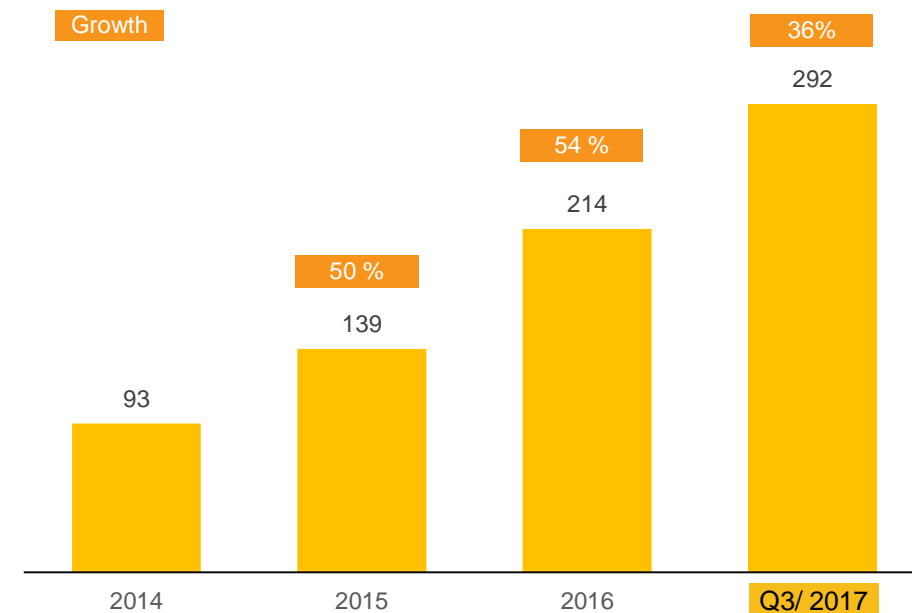
1) 2015-2020 in IFRS and 2014 in FAS
 2) Profit for the financial year - +/- Net gains/losses from measuring investment properties at fair value -/+ Net gains/losses from divestments of investment properties +/- Taxes based on the profit for the financial year generated by the aforementioned items +/- Deferred taxes generated by the aforementioned items

Portfolio value and agreement portfolio development¹

2014-2016 portfolio value development, 2017E guidance (EURm)



Value of agreement portfolio (EURm)

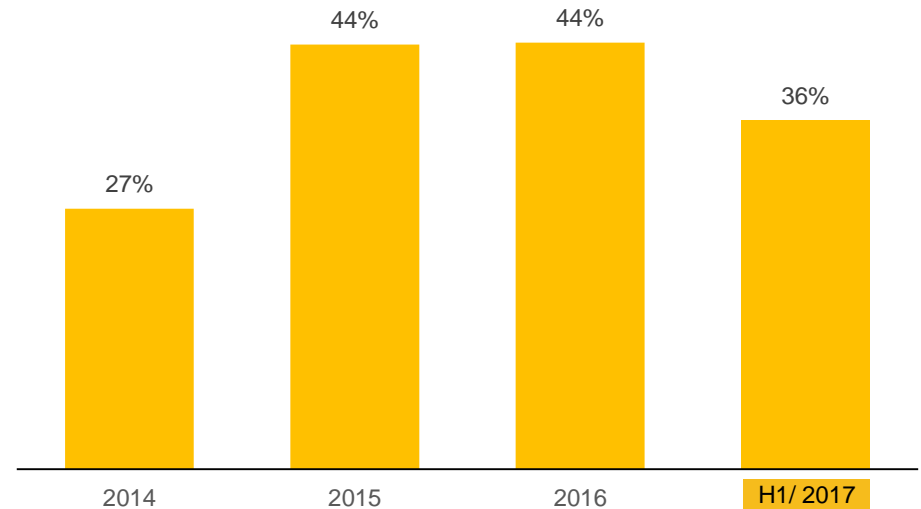
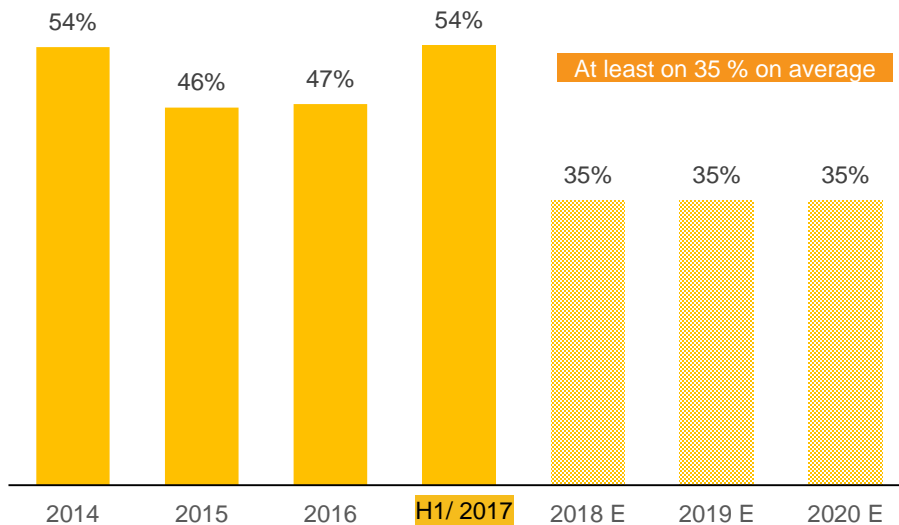


1) 2015-2020 in IFRS and 2014 in FAS

Capital structure (equity ratio and LTV)

2014-H1/2017 equity ratio, 2018E – 2020E guidance / targets (EURm)

2014 – H1/2017 LTV



Financial target 3:
 “Equity ratio at least 35 per cent on average”

- Share of debt financing in development projects is typically 70% of the investment cost
- Weighted average interest rate was 1.69% on 31 Dec 2016 (1.88% in 2015)
- According to the Company’s interest rate hedging policy 30-50% of the Company’s loan stock is hedged

Recent developments of the Company

H1/2017 results – selected key figures

EURth	H1/2016 IFRS	H1/2017 IFRS
Net sales	3,364	5,315
Operating profit	8,765	19,144
Net income	6,623	14,770
Operating result	1,284	2,101
Total assets	122,239	218,750
Fair value of real estate assets	115,080	205,079
NAV	72,796	129,862
NNAV	66,714	118,352
Equity ratio, &	54,6 %	54,1%
Net gearing, %	53,0 %	52,6 %
RoE	23,7 %	30,6 %
Earnings per share, EUR	0.36	0.64
Dividend per share, EUR	-	-
Operating result per share, EUR	0.07	0.09
NAV per share, EUR	3.50	5.14
NNAV per share, EUR	3.21	4.68
Net yield, %	7.0%	6.60 %
Value of agreement portfolio	190,472	280,529
Average lease maturity, years	14.3	14.3
Occupancy rate, %	100 %	100 %
Personnel (end of period)	10	13

- Profitable and strong growth continued
- Contract base developed favourably
- Average interest rate of loans decreased as well as the market yields

Key events

Adoption of IFRS

- Hoivatilat published its 2016 financial statements in accordance with IFRS (1.1.2015 being the transfer date)

Listing to the main market of Nasdaq Helsinki

- On 1 Mar 2017, the trading of Hoivatilat share on Nasdaq Helsinki commenced

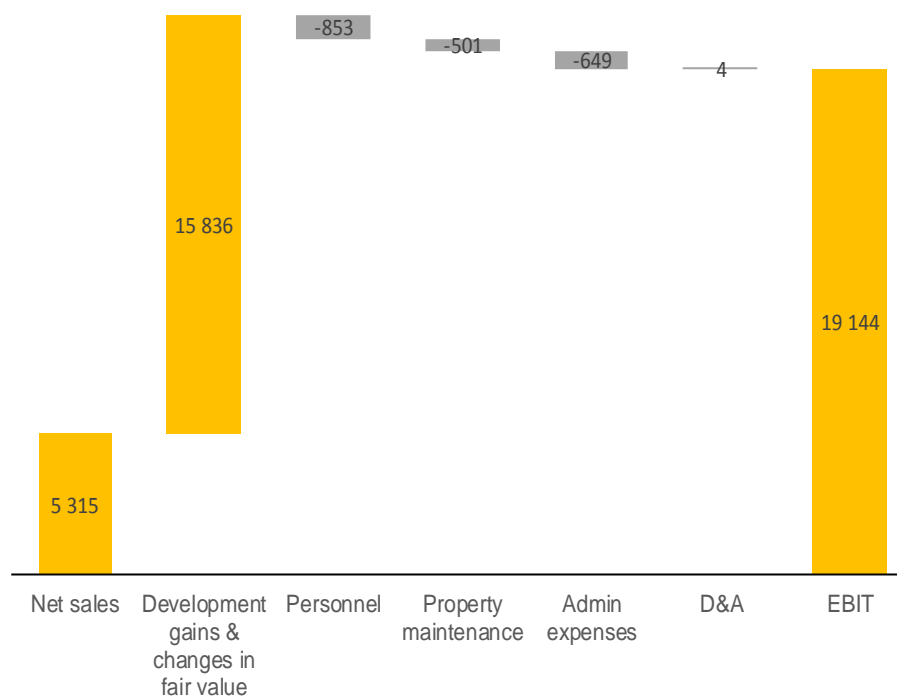
Equity issue

- In March 2017 Hoivatilat obtained EUR 31,5m (gross) in an equity issue directed to institutional investors. The growth financing obtained forms an important part of enabling the implementation of the Company's planned growth

Overview of Group income statement

Group income statement (EURth)			
	2015	2016	H1/2017
	IFRS	IFRS	IFRS
Net sales	3,823	7,414	5,315
Transfers of investment properties and changes in fair value	11,589	14,809	15,836
Personnel expenses	-793	-1,467	-853
Other OPEX	-893	-1,444	-1,150
D&A	-6	-8	-4
EBIT	13,720	19,304	19,144
Financial income	12	4	0
Financial expenses	-606	-869	-614
Profit before taxes	13,126	18,438	18,529
Income tax	-2,658	-3,741	-3,760
Net income	10,468	14,697	14,770
Return on equity	28.7 %	24.5 %	30. %

Hoivatilat income statement structure H1/2017 (EURth)



Largest shareholders and board of directors

Overview of the largest shareholders

Top 20 shareholders (31.12.2017)

No.	Shareholder	Number of shares	% of shares
1	Nurture Property Holding Oy (Partnera)	3 078 381	12,2 %
2	Skandinaviska Enskilda Banken AB	1 734 449	6,9 %
3	Nurture Real Estate Holding Oy (Partnera)	1 688 631	6,7 %
4	OP-Suomi Arvo -sijoitusrahasto	1 587 273	6,3 %
5	Hintsala Eino	941 439	3,7 %
6	Pekkarinen Timo Jaakko	896 489	3,5 %
7	Nordea Bank Ab (Publ), Suomen Sivuliike	772 712	3,1 %
8	Milerosa Oy	604 776	2,4 %
9	Ahola Tuomas Veli	565 444	2,2 %
10	OP-Suomi Pienyhtiöt -sijoitusrahasto	524 863	2,1 %
11	Eläkevakuutusosakeyhtiö Veritas	450 000	1,8 %
12	Hyväri Harri Tapani	432 348	1,7 %
13	Kusinkapital Ab	353 257	1,4 %
14	Lunacon Oy (CoB)	352 456	1,4 %
15	Keskinäinen Eläkevakuutusyhtiö Etera	300 000	1,2 %
16	Investment Fund Arvo Finland Value	300 000	1,2 %
17	Karjula Jussi Pekka (CEO)	292 515	1,2 %
18	Mevita Invest Oy	292 216	1,2 %
19	Väisänen Ahti Pekka Olavi	285 500	1,1 %
20	Veikkolainen Erkki	264 410	1,0 %
	Other shareholders	9 571 700	37,8 %
	All shares	25 288 859	100,00 %

Board of Directors



Pertti Huuskonen

CoB since 2011

- Senior adviser at Lunacon Oy, board professional and investor
- CoB of Technopolis during 2008-2012, board member during 2012-2013 and CEO during 1985-2008



Mammu Kaario

Board member since 2016

- CEO of Partnera in 2016-2017
- Board member of Aspo since 2012 and Ponsse since 2010
- Other previous positions of trust (including board member of Esperia Care in 2006-2010)



Satu Ahlman

Board member since 2017

- CEO of Ahlman & CO Development
- Advisor to over 30 SMEs or third sector service provider operating in the Finnish health and social services sector



Timo Pekkarinen

Board member since 2008

- CEO of Kastelli Group Oy
- CEO of Hoivatilat during 2009-2010



Reijo Tauriainen

Board member since 2015

- CFO of Technopolis 2004 - 2017 and deputy CEO 2009 - 2017
- Board professional

APPENDIX

Case studies

Case Siilinjärvi

ELDERLY SERVICE HOME

Customer	Municipality of Siilinjärvi
Project value	Over 10m € rental cash flow during the agreement period
Lease maturity	20 years
Description	<ul style="list-style-type: none">• The elderly service home has over 30 beds and versatile facilities for day activities• Hoivatilat has comprehensive maintenance and upkeep responsibility over the facilities (in other words the Hoivatilat lifecycle model)
Comprehensive services with efficient execution	



Case Vihti

ELDERLY SERVICE HOME

Customer	Attendo
Type	Care home with 24-hour assistance
Lease maturity	15 years
Description	<ul style="list-style-type: none">• Attendo Vanha Seppä is a home for elderly people suffering from various functional disabilities, requiring round-the-clock care• Attendo chose Hoivatilat as its partner based on the schedule that Hoivatilat was able to offer, which coincided well with the need for the facilities



"I'm not exaggerating one bit when I say that the project was an overall success"

Regional manager of Attendo Care Services

Case Tampere

DAY CARE CENTRE

Customer	Vekara Päiväkodit
Type	Service voucher based day care centre for 90 children
Lease maturity	15 years
Description	<ul style="list-style-type: none">• The competitive bidding process used for selecting the developer and operator for the service voucher based day care centre• The entry of Hoivatilat and Vekara stood out from the competition owing to e.g. the plot layout plan proposed in the joint entry from these two businesses, and how the use of the natural environment was taken into account



"High-quality facilities, designed for day care operations with attention to cost efficiency, are important to us. They allow us to focus on the development of our core operations"

"Without a reliable real estate development partner, we could not have expanded our operations on such a scale"

CEO of Vekara Päiväkodit

Case Espoo

SERVICE COMMUNITY

Customer	Attendo & Touhula
Type	Service community combining day care centre and nursing home
Lease maturity	15 years
Description	<ul style="list-style-type: none">• Combines day care and nursing homes with 24-hour service• New type of solution to the city of Espoo, truly increasing the interaction between children and senior citizens



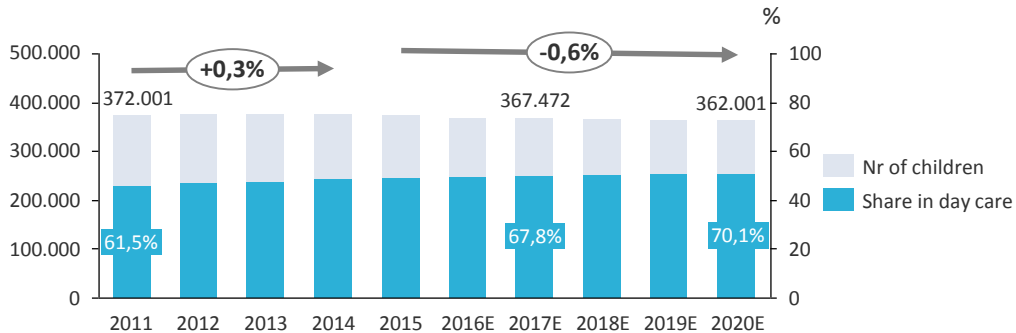
Day care



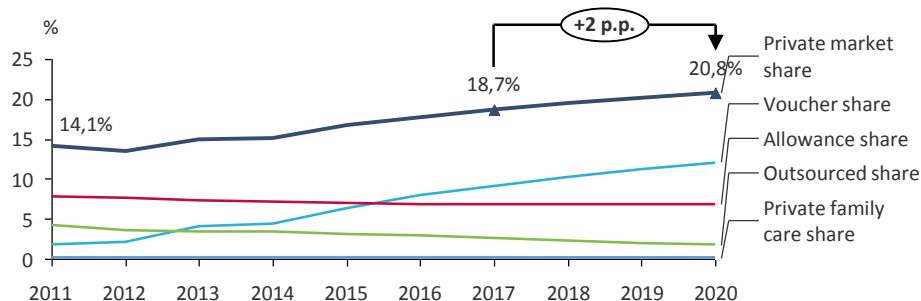
Nursing home

Day care market is assumed to grow due to increased penetration. Growth is led by private day care

Development of number of children and day care penetration



Private market share of total day care market 2011-2020e



Day care market growth drivers

- Overall increase in day care penetration
- Growing voucher market
 - Growth has accelerated since 2014
 - Helsinki and Espoo are considering to take voucher model into use in near term
- Reduced customer fees from 2018 onwards
 - Lower fees for small and average income families
 - Sibling discount increase from 10% to 50%
- Aged public day care center buildings in several municipalities

Care Property Market Review

Jukka Uusitalo & Henri Timperi
12.1.2018

Realia Group Oy

BRANDS

The best known brands in the fields, decades of experience and a strong market position.

In August 2016, we acquired Corbel (revenue €16.1 million in 2015, 190 employees), which further consolidated our service portfolio in real estate management.

In February 2017, we acquired Hestia (revenue €11.9 million in 2015, 170 employees), which expanded our real estate management services to Sweden and Norway.



We specialise in residential and commercial real estate management and brokerage services in Finland, Sweden, Norway and the Baltic countries

Owned by Altor

Over 1,900 employees

REVENUE

Revenue approx.
€114 million in 2016

Real estate management services €69M

Realia Isännöinti Oy
Realia Management Oy

Real estate brokerage services €39M

Huoneistokeskus Oy
SKV Kiinteistönvälitys Oy
Huoneistomarkkinointi Oy

International businesses €6M

A/S Ober-Haus
RE Advisors

Realia Management

Services

- Commercial properties
- Residential properties
- Financial management services
- Energy and environmental services
- Commercial property brokerage
- Valuation services



Valuation services

WE PROVIDE our customers with high-quality property valuations for different purposes. We also carry out different portfolio and optimisation strategy surveys as well as consultancy and market research.

OUR CUSTOMERS include Finnish and international investors and funds, public sector entities, financiers, law firms, insurance companies and consultants.

WE OPERATE from five different cities, which ensures a strong knowledge of local markets. We provide valuations of individual subjects and large portfolios.

OUR VALUATION SERVICES INCLUDE:

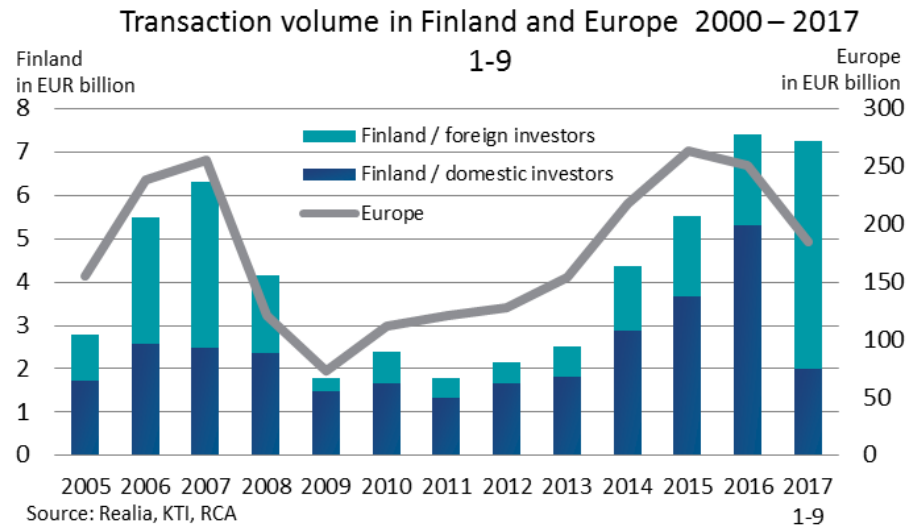
- Valuation of residential, commercial and special properties including individual properties, apartments and portfolios
- Market and ownership strategy analyses
- Value analysis related to financing
- Object and area studies and analyses

Our valuation certificates comply with the requirements of the authorised property valuation system (AKA) and the IVS standard. We also provide valuation certificates from KHK valuers approved by the Finland Chamber of Commerce as well as by RICS. If needed, we also provide lighter desktop valuations.



An International Associate of Savills

The big picture



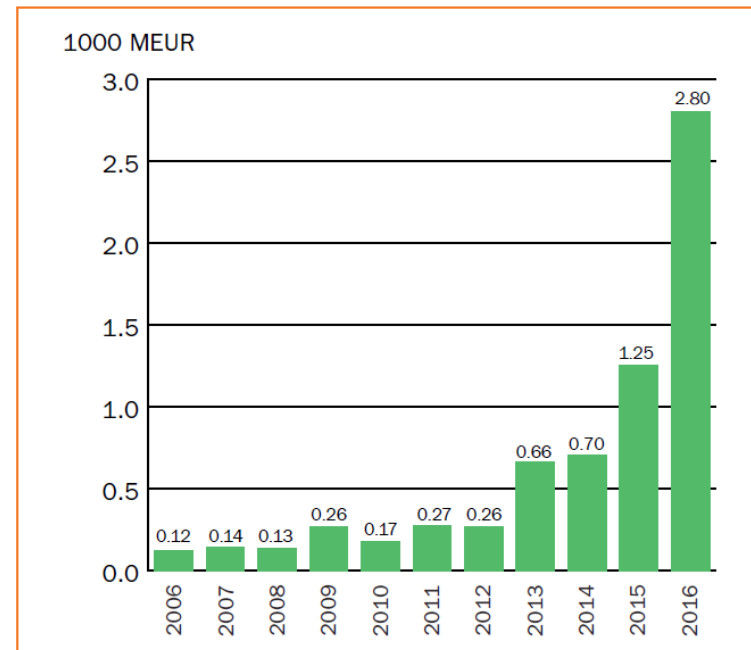
- Many records broken in 2017.
- Global investors conquer Finland's property market.
- International investors account approx. 80 % of major property transactions in 2017.
- Transaction volume will be around 10 € billion which is highest transaction volume ever in Finland.



What happened?

- The share of residential properties in the Finnish professional property investment market has increased heavily.
 - Urbanization
 - More investment opportunities to consumers
- Residential portfolio transactions accounted for almost 40 per cent of the total volume in 2016.
- In 2017 the share of residential portfolio transactions will be significantly lower but there are large transactions coming again early 2018.

Volume of residential portfolio transactions



Source: KTI

What about care properties?

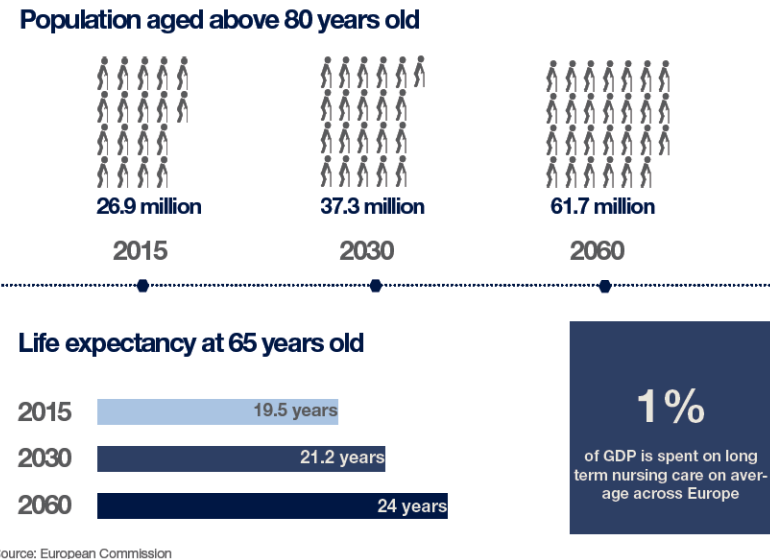
Limitation of liability

- The care home investment market has really emerged after 2010.
- Public sector still major property owner.
- European 4-year annual average volume recorded prior to 2012 is €315m and the 4-year annual average volume recorded starting from 2012 is €2.8bn.
- There are still very little statistics available.
- Information in this presentation is not "the whole truth" as statistics of care property market are still incomplete.

Global trend

- By 2025 more than 20% of Europeans will be 65 or over and the number of people aged 85 years or over is projected to rise from 14 million to 19 million by 2020.
- The ageing population is a global trend which is affecting the old continent first.
- Based on analysis of the varying demographics across Europe, the total expenditure on healthcare across the continent and existing provisions for residential long-term care, the top five countries for investors to consider moving forward are the Netherlands, Germany, Denmark, **Finland** and France.

AGEING EUROPEAN POPULATION

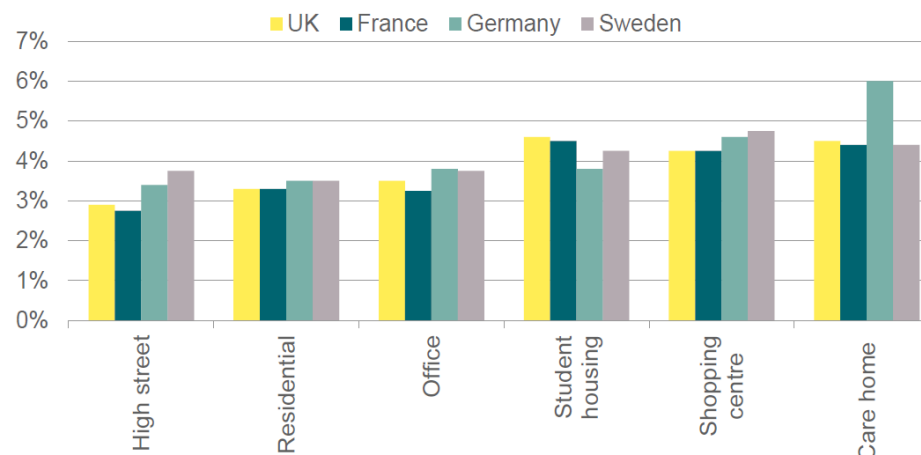


Source: European Commission

Why care properties, why not retail?

- Way to provide greater diversification while avoiding fierce competition for highly priced traditional assets.
- The less cyclical nature of this specialist property is also appealing to investors, particularly in a volatile market.
- Care properties offer long term income stream and the future demographic trends that support the growth of the sector.
- Still competitive yields compared to residential units, or traditional commercial properties.

Prime yields Care home yields are hardening but they still offer competitive prices compared to traditional assets



Source: Savills

Note: Table above not fully up-to-date

Swedes ahead of us (as always)

- As yields in Finland are competitive compared to rest of Scandinavia and Europe our market is appealing for foreign investors.
- New players to the care market:
 - Hemsö (2012)
 - Hemfosa (2015)
 - Pioneer Property Group ASA (2016)
 - AXA Investment Managers – Real Assets (2016)
- Yield gap between Finland and Sweden roughly 100 bps.

Home sweet home

- As a result of exceptionally high demand, prices have increased rapidly.
- Helsinki region is naturally the most appealing location but supply is scarce.
- As supply is focusing outside Helsinki metropolitan area yields in growth centers are approaching HMA levels.
- Construction cost based rent – market rents – current rents?
- Finnish healthcare properties produced a total return of 9.8% in 2016. The investment performance was supported by both high income return and healthy development of market values. (Source: KTI)

Finland

Elderly care	Biggest demand Usually portfolio transactions
Child care	Demand increasing Yields approaching elderly care
Schools	Big assets - high interest Elementary schools coming
Other	Demand increasing Big assets - high interest hospitals / courthouses / etc.

Market SWOT

<p>Strengths </p> <ul style="list-style-type: none"> • Aging is a megatrend • Liquidity improved as new investors have entered the market • Yield gap to traditional property sectors still exists (?) 	<p>Weaknesses </p> <ul style="list-style-type: none"> • Demand increased and yields decreased (as in all sectors) • Care properties still new asset class and quite few investors in the market • Market transparency weaker than in traditional asset types
<p>Opportunities </p> <ul style="list-style-type: none"> • SOTE? • Elementary schools and other new asset types to the market 	<p>Threats </p> <ul style="list-style-type: none"> • SOTE? • New regulations (room size, accessibility, etc.) • Older properties that do not fulfill current regulations

Thank you!



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